

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 OMB-01 AGR-20

CIAE-00 DODE-00 INR-11 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SP-03 STR-08 TAR-02 DRC-01 /093 W

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R 290555Z JUL 74

FM USLO PEKING

TO SECSTATE WASHDC 2153

INFO AMCONSUL HONG KONG

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E.O. 11652: N/ARR

TAGS: ETRD EAGR CH US

SUBJECT: US BUSINESS VISITORS TO PEKING; PURCHASE OF PRC TOBACCO

1. THERE HAS BEEN A NOTICEABLE LULL IN THE NUMBER OF US BUSINESS VISITORS TO PEKING RECENTLY, BUT LAST WEEK THE FOLLOWING THREE GROUPS CALLED AT USLO:

2. CAROLINA LEAF TOBACCO CO. EDWIN SKINNER, SENIOR VICE PRESIDENT, AND JOHN PITT, THE HONG KONG AGENT FOR THIS FIRM, BOUGHT 580 TONS OF CHINESE TOBACCO AT DOLS 700 TO 800 THOUSAND (ESTIMATED CIF PRICES). AS WITH CAROLINA'S PREVIOUS PURCHASES, THE TOBACCO WILL BE SOLD TO THE COMPANY'S NON-US CUSTOMERS. THE HIGH US TARIFF DUE LACK OF MFN, SKINNER EXPLAINED, MAKES IMPORT OF CHINESE TOBACCO INTO THE US UNECONOMIC. ALSO DISCUSSED WAS ANOTHER POSSIBLE SALE OZAUS TOBACCO TO CHINA, WHICH SKINNER EXPECTS WILL BE CONSUMMATED BY THE AUTUMN CANTON FAIR. CAROLINA MADE TWO PREVIOUS SALES OF US TOBACCO TO CHINA, WHICH TOGETHER TOTALLED ABOUT DOLS 1.9 MILLION.

3. WITH REGARD TO CAROLINA'S NEW TOBACCO PURCHASE, SKINNER FOUND THE CHINESE WILLING TO BREAK-DOWN AND STAGGER SHIPMENTS TO VARIOUS DESTINATIONS PER HIS REQUEST. WHILE

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THERE ARE NO FACILITIES AT THE PORTS TO STORE TOBACCO

UNTIL SHIPMENT (SKINNER VISITED HSINKANG FOR THIS PURPOSE),  
THE CHINESE ARE WILLING TO HOLD THE TOBACCO AT INLAND POINTS  
OF ORIGIN FOR THE TIME NECESSARY.

4. SKINNER AND PITT SAID THEY WOULD CALL ON AGRICULTURE  
OFFICER CHAMPEAU AT HONG KONG CONGEN THIS WEEK. SKINNER  
SPECIFICALLY REQUESTED THAT NONE OF THE FOREGOING INFORMATION  
BE MADE PUBLIC.

5. ELLIOT INTERNATIONAL INC. (NEW YORK) LOUIS LEMPKE,  
PRESIDENT, TOGETHER WITH A MR. ROSENFELD, CHIEF BUYER,  
VISITED CHINA TO BUY GLOVES (MADE FROM PVC) AND ALSO POSSIBLY  
SPORTSWEAR. AFTER FOUR DAYS OF SIGHTSEEING IN PEKING AT  
THE COURTESY OF THEIR CHINESE HOSTS, THE AMERICANS PROCEEDED  
TO SHANGHAI ON JULY 24 FOR BUSINESS DISCUSSIONS. THIS IS  
THE FIRM'S FIRST BUSINESS CONTACT WITH THE PRC.

6. C. ITOH & CO. (AMERICA) INC. HIROSHI MAMEHARA, VICE  
PRESIDENT IN CHARGE OF THE DALLAS BRANCH OF THIS JAPANESE  
TRADING FIRM, CALLED AT USLO FOR A BROAD DISCUSSION OF  
SINO-US TRADE IN WHICH THE C. ITOH CORPORATION WISHES TO  
INCREASE ITS PARTICIPATION. THE DALLAS BRANCH HAS SOLD US  
COTTON TO CHINA. C. ITOH (AMERICA) IS A MEMBER OF THE NCUSCT.  
HOLDRIDGE

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